

INTRODUCTION

The U.S. Small Business Administration (“SBA”) is pleased to announce SBA Loan Sale #6 (“Sale #6”). The Asset Sales Program was launched in 1999 to sell SBA loans in an open and competitive manner. To learn more about the Asset Sales Program and its mission, please visit the following SBA websites:

www.sba.gov/assets/current_sale/sale6.html
www.sba.gov/assets/overview/index.html

PRELIMINARY SALE SCHEDULE 2002

Bidder Information Package available:	June 5
Due Diligence Facility opens:	June 10
Due Diligence Facility closes:	August 5
Bid Date:	August 6
Bid Award Announcement:	On or before August 8
Closings:	August 15-31
Servicing Transfer Date:	By September 30

All dates are subject to change at the SBA’s sole discretion.

PORTFOLIO INFORMATION

The Sale #6 portfolio includes both secured and unsecured loans. Many of the unsecured loans were originated in the SBA’s Disaster Assistance Home Loan Program. Collateral for the secured loans includes business assets, residential or commercial real estate, machinery and equipment and personal property. Virtually all of the loans in Sale #6 were made with recourse to the borrower. A significant number of the loans are supported by personal, third party or corporate guaranties. All of the loans in Sale #6 will be sold servicing released. There is no SBA guaranty available to the purchasers of these loans.

PORTFOLIO AND SBA PROGRAM DESCRIPTIONS

The Sale #6 portfolio includes performing, sub-performing and non-performing loans originated under the following SBA Programs: (i) Disaster Assistance; (ii) 7(a) Loan Guaranty; and (iii) Certified Development Company (also referred to as Section 502, 503 and 504 Loans).

The Disaster Assistance Program is SBA’s largest direct loan program. It serves both individuals and small businesses. Disaster assistance loans provide capital to homeowners, renters, businesses and non-profit organizations to rebuild and/or recover in the wake of physical disasters. Two types of disaster assistance loans are included in Sale #6: home and business. The home loans are available to homeowners and renters whose residential properties have sustained physical damage. Business loans are available to small businesses and non-profit organizations, and are intended to assist victims of physical damage and/or economic injury. Economic injury disaster assistance loans provide working capital to small businesses until normal operations can resume after a physical disaster. Economic injury disaster assistance loans may be made to borrowers whose small businesses do not suffer physical damage. All of the Sale #6 Disaster Assistance Program loans will be at least two years old as of the Bid Date.

Under the 7(a) Loan Guaranty Program, SBA-approved private sector lenders originate loans to small businesses for various business purposes, and the SBA guarantees a portion of the loans against losses from default. The SBA guaranty percentage on 7(a) Guaranty loans in the sale generally ranged from 75 percent to 80 percent, depending on the loan amount. The maximum guaranty amount was \$1,000,000. For all of the 7(a) Loan Guaranty Program loans included in Sale #6, the SBA has paid the originating lender the guaranty percentage and therefore no further SBA guaranty is available to the purchasers of these loans. The 7(a) Loan Guaranty Program loans in Sale #6 are currently serviced by the SBA or by the participating lender.

The Certified Development Company Program provides, in conjunction with a private sector loan, long-term, fixed-rate financing to facilitate acquisition of major fixed assets such as real estate and equipment. A typical development company is a non-profit corporation created to assist the economic development of its community by originating these loans and engaging in other development activities. Generally, a project is financed as follows: 50 percent of the asset cost is provided by private sector lender financing in a first lien position, 40 percent by an additional loan in a second lien position funded by an SBA-guaranteed debenture (the Development Company loan), and 10 percent by an equity contribution from the small business borrower. The SBA has two inactive Development Company Programs that have loans outstanding: the 502 and 503 Programs. The maximum SBA debenture for loans

included in this Sale was \$1 million. The SBA has paid its guaranty of each debenture on all the Development Company loans included in Sale #6 and has converted the amount paid on each debenture into a note receivable, which is an obligation of the borrower. These loans are serviced by the SBA or by the lender.

To obtain additional information concerning the SBA Loan Programs described above, please visit the following SBA websites:

www.sba.gov/disaster/
www.sba.gov/financing/fr7aloan.html
www.sba.gov/financing/frcdc504.html

BIDDING FEATURES

In an effort to attract all types of eligible bidders, the SBA will offer the loans in pools according to various combinations of the following possible criteria: performance status, collateral type, loan type, lien position, and geography. We anticipate that prospective bidders will have the flexibility to submit bids on blocks of loan pools and on individual loan pools. Also, there may be some pools for which only individual loan pool bids will be accepted. These pools will be evaluated and awarded individually. Details on the bidding process will be provided in the Bidder Information Package.

SALE #6 PORTFOLIO SUMMARY (as of April 1, 2002)				
Numbers are approximate and subject to change				
Aggregate Unpaid Principal Balance		\$710,000,000		
Number of Loans		31,792		
Average Loan Balance		\$22,333		
Weighted Average Remaining Maturity (months)		223		
Weighted Average Coupon		4.58%		
SBA Loan Program	Disaster Assistance Loans Home Business		7(a) Loans	Development Company Loans
Aggregate Unpaid Principal Balance	\$293,000,000		\$43,000,000	\$12,000,000
Number of Loans	24,092		212	40
Average Loan Balance	\$12,162		\$202,830	\$300,000
Weighted Average Maturity (months)	243		122	172
Weighted Average Coupon	4.03%		9.44%	7.09%
Geographic Distribution (Percent of Unpaid Principal Balance)	CA: 31%	CA: 37%	TX: 22%	NV: 23%
	TX: 10%	FL: 10%	PA: 8%	TX: 14%
	PR: 8%	TX: 8%	OH: 7%	NM: 10%
	FL: 6%	GA: 4%	PR: 6%	VA: 7%
	NC: 6%	NC: 3%	NC: 6%	PA: 5%
	IL: 4%	MO: 3%	MO: 6%	MO: 5%
	Other: 35%	Other: 35%	Other: 45%	Other: 36%

DUE DILIGENCE

Prospective bidders have a number of options for performing due diligence. All Bidder Information Packages will include Loan Information CDs. For a non-refundable assessment of \$1,000, prospective bidders will receive the Due Diligence CDs and will also be able to access the Asset Review Files off-site electronically via high speed remote access, or by visiting the due diligence facility in Washington, DC from June 10, 2002 through August 5, 2002, or both. For prospective bidders interested in receiving only the Due Diligence CDs and access to the Asset Review Files at the due diligence facility, the non-refundable assessment is \$500. *Due to the expected high level of interest in Sale #6, it is suggested that prospective bidders make their due diligence reservations early.* It may be necessary to limit the number of reviewers per prospective bidder and the time allotted for their review at the due diligence facility. The Sale #6 due diligence options and procedures will be further described in the Bidder Information Package.

BIDDER INFORMATION PACKAGE

On or about June 5, 2002, the Sale #6 Bidder Information Package will be available to qualified prospective bidders free of charge. The Bidder Information Package will contain detailed information concerning the bid process, Sale #6 terms and conditions, Loan Information CDs containing loan level data, due diligence reports and general information. To order a Bidder Information Package, prospective bidders must submit a completed Confidentiality Agreement and Bidder Qualification Statement. Both documents are available on the following website:

www.sba.gov/assets/current_sale/sale6.html

They are also available by calling the Sale #6 Investor Hotline at (866) 822-6102. The completed Confidentiality Agreement and Bidder Qualification Statement must be mailed to:

Cushman & Wakefield
1801 K Street, NW, Suite 1100-L
Washington, DC 20006
Attention: SBA Sale #6 Coordinator

TEAMING ARRANGEMENTS

A number of prospective bidders have expressed the desire to team with capital resource providers, asset managers and/or loan servicers. To accommodate this interest in teaming, the Cushman & Wakefield Sales Team will maintain and make available to interested persons a list of prospective bidders or contractors interested in teaming. To include your name on this list, please contact Cushman & Wakefield, as directed below. The list will be distributed to all qualified prospective bidders.

FURTHER INFORMATION

For further information concerning Sale #6, please visit the SBA Asset Sale website at:

www.sba.gov/assets/current_sale/sale6.html

The website provides information about current and past SBA Sales, general information about the SBA, and answers to frequently asked questions. If you have any questions concerning Sale #6, please contact Cushman & Wakefield as follows:

CUSHMAN & WAKEFIELD
POINTS OF CONTACT FOR SBA SALE #6

Toll Free Number: (866) 822-6102
Facsimile Number: (202) 293-9049
E-Mail Address: sbaloansale6@cushwake.com

DISCLAIMER

Neither the SBA, Cushman & Wakefield (“CW”), Whitestone Capital Group, Inc., The METEC Group (“TMG”), nor any of their respective contractors, subcontractors, affiliates, directors, officers, employees, advisors or agents, make any representation or warranty, whether express, implied or arising by operation of law, as to the accuracy or completeness of the information contained in this announcement or made available to prospective bidders in connection with Sale #6 and no legal liability with respect thereto is assumed or may be implied. CW is acting as the transaction financial advisor to the SBA and has not audited or independently verified, and does not endorse, any portion of the financial information contained in this announcement or made available to prospective bidders in connection with Sale #6. *No person has been authorized to make any written or oral representation as to the accuracy or completeness of the information contained or the materials referred to in this announcement and, if any representation or warranty is given or made, it must not be relied upon.* The purchase of loans involves risks and prospective bidders should, along with their advisors, undertake any investigation necessary to understand and evaluate the risks associated with such purchase. Except as otherwise explicitly stated in the Loan Sale Agreement (the form of which will be included in the Bidder Information Package), the loans are being sold “AS IS,” “WHERE IS,” “WITH ALL FAULTS” and without any recourse whatsoever.

This announcement is not an offer to sell or a solicitation for an offer to buy loans.



U.S. Small Business
Administration

409 Third Street, SW
Washington, DC 20416

Announces

SBA Loan Sale #6



Bid Date: August 6, 2002

Unpaid
Principal Balance: \$710 million (approximate)
Number of Loans: 31,792 (approximate)

Transaction Financial Advisor



Due Diligence Contractor



Asset Sales Program Financial Advisor

